

**Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)**

**In the matter of Show Cause Notice issued to Progressive Insurance Company Limited.**

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Date of Hearing

June 17, 2020

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**Order-Redacted Version**

Order dated July 3, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Progressive Insurance Company Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated November 6, 2018
2. Name of Company	Progressive Insurance Company Limited.
3.	The proceedings were initiated against the Company i.e. Progressive Insurance Co. Ltd. and its Board of Directors.
4. Nature of Offence	Proceedings under Section 134(2) & (3) of the Companies Act, 2017 (the "Act")
5. Action Taken	<p>Key findings on default of the provisions of the law were reported in the following manner:</p> <p>I have carefully examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondents. In terms of Section of 132(2) of the Act, the Company was required to recognize and treat the agenda item pertaining to issue of shares at discount as a special business in its Notice of AGM published in Daily "The Nation" dated May 5, 2018 and Daily "Khabrain" dated May 5, 2018. Furthermore, the statement of material facts in respect of the special business was required to be annexed to the Notice of AGM, in compliance of Section 134(3) of the Act. However, the Company failed to recognize the agenda item relating to issue of shares at discount as a special business to be transacted at AGM, which was held on May 26, 2018. Moreover, the Company also failed to annex the statement of material facts in respect of the said special business to the Notice of AGM. Therefore, I am of the considered view that violations of Sub-Sections (2) and (3) of Section 134 of the Act were clearly established, for which the Respondents are liable to be penalized in terms of Section 132(12)(a) read with Section 479 of the Act.</p> <p>Section 134(12) of the Act states that:</p>



**Securities and Exchange Commission of Pakistan**  
**Adjudication Division**  
**Adjudication Department-I**

	<p>“..... (12) Any contravention or default in complying with requirement of this section shall be an offence liable—  (a) in case of a listed company, to a penalty of level 3 on the standard scale; and  (b) in case of any other company, to a penalty of level 2 on the standard scale.”</p> <p>Penalty of Section 134(12) of the Act is prescribed under Section 479 of the Act: “..... (2) The standard scale consists of—</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="text-align: center;"><b>Level</b></th><th style="text-align: center;"><b>Limit of penalty</b></th><th style="text-align: center;"><b>Per day penalty during which the default continues</b></th></tr></thead><tbody><tr><td style="text-align: center;">1</td><td style="text-align: center;">Upto Rs.25,000</td><td style="text-align: center;">Upto Rs. 500</td></tr><tr><td style="text-align: center;">2</td><td style="text-align: center;">Upto Rs.500,000</td><td style="text-align: center;">Upto Rs.1,000</td></tr><tr><td style="text-align: center;">3</td><td style="text-align: center;">Upto Rs.100 million</td><td style="text-align: center;">Upto Rs.500,000</td></tr></tbody></table> <p>In exercise of the powers conferred on me under Section 134(12)(a) read with Section 479 of the Act, I, instead of imposing the maximum fine as provided under the said provisions, impose a fine of Rs. 300,000/- (Rupees Three Hundred Thousand Only) on the Company on account of established defaults of Sub-Sections (2) and (3) of Section 134 of the Act, as mentioned in the above paras hereof</p> <p>Penalty order dated July 3, 2020 was passed by Executive Director (Adjudication-I).</p>	<b>Level</b>	<b>Limit of penalty</b>	<b>Per day penalty during which the default continues</b>	1	Upto Rs.25,000	Upto Rs. 500	2	Upto Rs.500,000	Upto Rs.1,000	3	Upto Rs.100 million	Upto Rs.500,000
<b>Level</b>	<b>Limit of penalty</b>	<b>Per day penalty during which the default continues</b>											
1	Upto Rs.25,000	Upto Rs. 500											
2	Upto Rs.500,000	Upto Rs.1,000											
3	Upto Rs.100 million	Upto Rs.500,000											
6. Penalty Imposed	A penalty of Rs. 300,000/- (Rupees three hundred thousand only) was imposed on the Company.												
7. Current Status of Order	No appeal was filed.												

**Redacted version issued for placement of website of the Commission.**